

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1281.12
Ag 84F
cop. 2

U. S. DEPARTMENT OF AGRICULTURE • ECONOMIC RESEARCH SERVICE • JULY 1968 • FCR-60

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

SEP 3 1968

CURRENT SERIAL RECORDS

COSTS and RETURNS



**Commercial
Tobacco
Farms**

**Coastal Plain,
North Carolina**

1967

FARM COSTS AND RETURNS STUDIES

This report is part of a continuing nationwide study of costs and returns on commercial farms and ranches by type and size in some of the important farming regions of the United States. The study is conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

The 1967 costs and returns studies have been conducted on the following:

Dairy Farms, Northeast and Midwest
 Corn Belt Farms
 Egg-Producing Farms, New Jersey
 Broiler Farms, Maine, Delmarva, and Georgia
 Cotton Farms
 Tobacco Farms, Coastal Plain, North Carolina
 Tobacco-Livestock Farms, Bluegrass Area, Kentucky and Penn-royal Area, Kentucky-Tennessee
 Wheat Farms, Plains and Pacific Northwest
 Western Livestock Ranches

Summary statistics for all types of farms in the study are presented in a report, revised annually. The latest such report was published in 1967 and is titled: "Farm Costs and Returns, Commercial Farms, by Type, Size, and Location," Agriculture Information Bulletin, No. 230, Revised 1967.

Information on the studies can be obtained from Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.

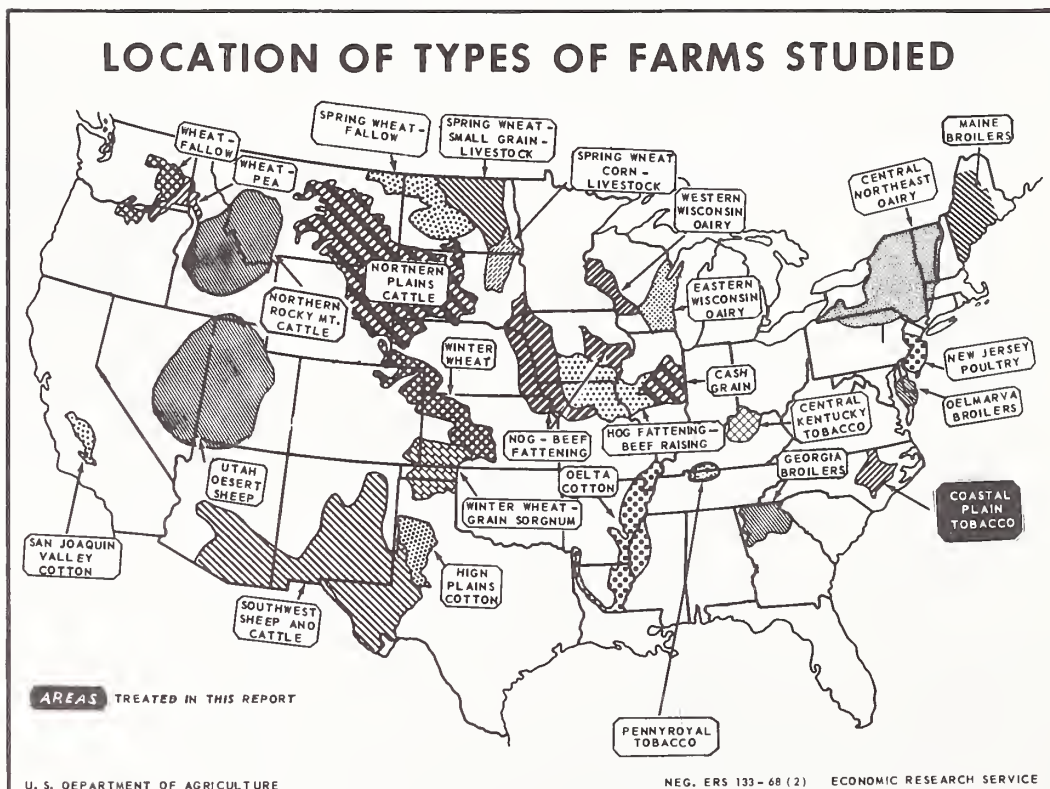


Figure 1

COSTS AND RETURNS COMMERCIAL TOBACCO FARMS COASTAL PLAIN, NORTH CAROLINA, 1967

Owen K. Shugars and Daphene E. Tippet¹

Net farm income averaged about \$6,420 per farm in 1967 on commercial tobacco farms in the Coastal Plain of North Carolina. This was about 4 percent higher than in 1966 on these important flue-cured tobacco farms (figs. 1 and 2).

Gross and net returns increased in 1967 because greater production per farm more than offset a substantial decline in prices received (table 1). Production of each of the three major crops--tobacco, corn, and soybeans--increased from 1966 levels. Prices received for products sold on these farms in 1967 averaged 8 percent below the 1966 prices.

Tobacco output per farm rose about 5 percent due to improved yields per acre. Tobacco acreage per farm was slightly below a year earlier, but yields averaged 6 to 7 percent above those of 1966. Acreage of tobacco averaged 7.6 per farm in 1967, compared with 7.7 in 1966 and 6.8 acres in 1965, the first year of the acreage-poundage program. The basic flue-cured acreage allotments and poundage quotas have not been changed since 1965. The difference between the 1965 and 1967 tobacco acreages on these farms reflects net undermarketings of poundage quotas in 1965 and 1966 and an increase in size of farming operation.

The net result of adjustments for individual farms with overmarketings and those with undermarketings in 1965 was an increase in acreage allotments and poundage quotas in 1966. Marketings increased substantially in 1966, but still fell a little short of making up the 1965 deficit. Therefore, the 1967 acreage per farm consisted of the base allotment (unchanged from 1965), plus an adjustment to compensate for net undermarketings carried forward from the 1965 and 1966 crops and for growth in acreage due to an increase in the average acres per farm.

Marketings from the 1967 crop exceeded the total poundage quota in this area by nearly 6 percent. The net result of adjustments for farms with overmarketings and those with undermarketings will be to reduce acreage allotments and poundage quotas for 1968.

Corn production per farm in 1967 was about 80 percent greater than in 1966. Corn yields averaged 66 percent above those of the drought-influenced crop of 1966. Corn acreage per farm in 1967 was slightly above a year earlier. Soybean acreage continued to trend upward on these farms, averaging a little over 8 acres per farm in 1967. The average yield per acre was unchanged from 1966.

¹Agricultural Economist and Statistical Assistant, respectively, Farm Production Economics Division, Economic Research Service, U.S. Department of Agriculture.

COASTAL PLAIN, NORTH CAROLINA

Location of Type of Farms Studied

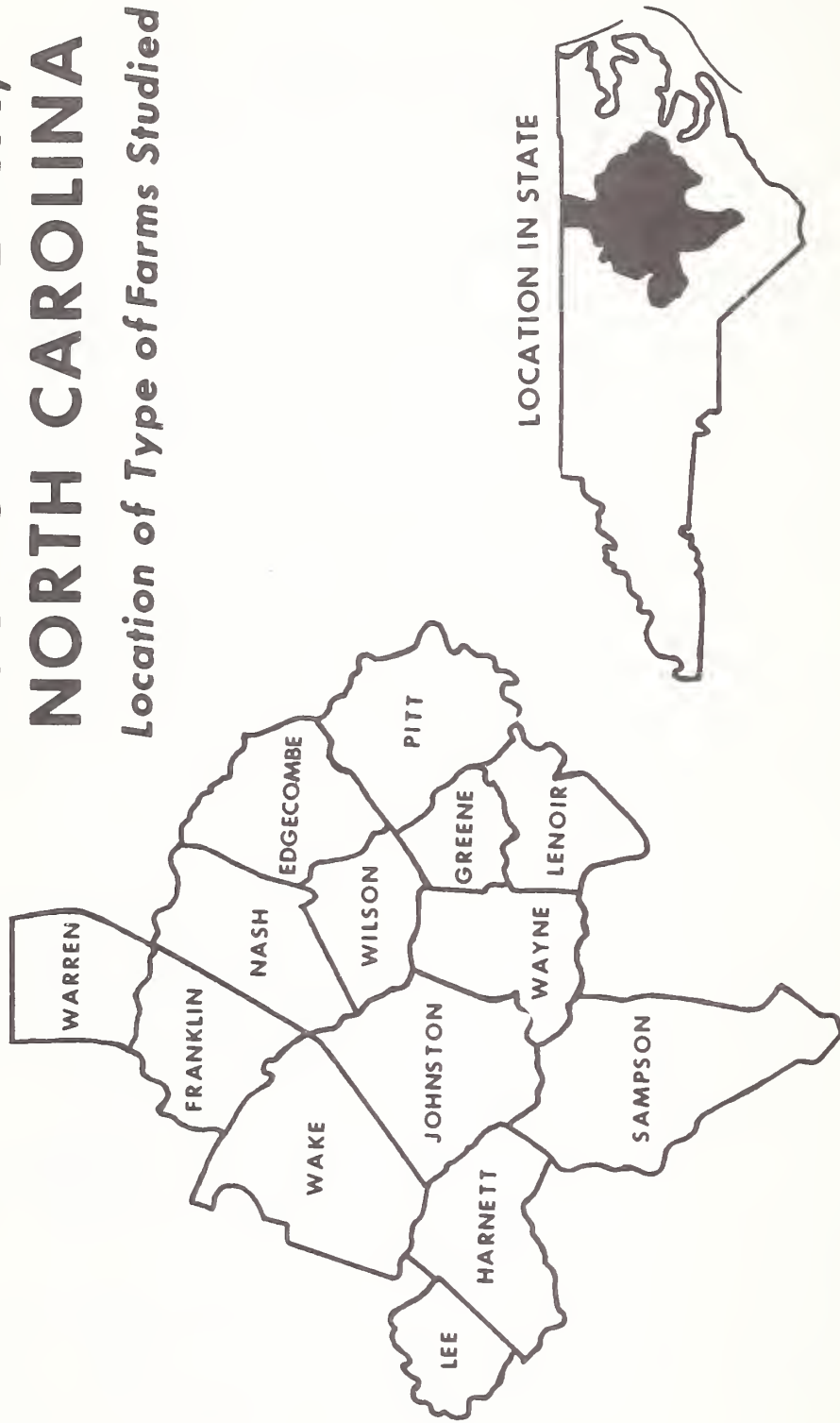


Figure 2

Table 1.--Organization, production, costs and returns, tobacco farms, Coastal Plain, North Carolina, 1966 and 1967

Item	Unit	1966	1967 1/	Item	Unit	1966	1967 1/
Land in farm.....	Acre	98	100	Total cash receipts.....	Dollar	12,001	12,620
Cropland harvested.....	do.	34.6	37.6	Tobacco.....	do.	9,548	9,614
Crops harvested:				Corn.....	do.	396	1,038
Tobacco.....	do.	7.7	7.6	Soybeans.....	do.	478	514
Corn.....	do.	17.0	18.8	Other crops.....	do.	166	132
Soybeans.....	do.	6.8	8.3	Cattle and calves.....	do.	22	23
Hay.....	do.	1.4	1.3	Hogs.....	do.	956	931
Other crops.....	do.	1.7	1.6	Other, including Government payments:	do.	435	368
				Value of perquisites.....	do.	614	615
Crop yields per harvested acre:							
Tobacco.....	Pound	1,892	2,015	Change in inventory, crops and			
Corn.....	Bushel	47.2	78.4	livestock.....	do.	177	75
Soybeans.....	do.	25.9	25.9	Gross farm income.....	do.	12,792	13,310
Hay.....	Ton	1.5	1.5	Total cash expenditures.....	do.	6,602	6,991
All cattle, Jan. 1.....	Number	1.2	1.2	Crop expense.....	do.	1,652	1,748
Brood sows.....	do.	1.9	2.1	Feed and other livestock expense....	do.	165	176
Total farm capital, Jan. 1.....	Dollar	44,450	48,330	Machinery.....	do.	1,776	2,031
Land and buildings.....	do.	38,320	41,800	Hired labor.....	do.	2,364	2,333
Machinery and equipment.....	do.	4,860	5,070	Farm buildings and fences.....	do.	354	399
Livestock.....	do.	670	660	Taxes.....	do.	213	223
Crops.....	do.	600	800	Other.....	do.	78	81
				Inventory adjustment, machinery and			
Total labor used.....	Hour	5,040	4,660	buildings.....	do.	33	-102
Operator and family.....	do.	2,120	2,030	Total operating expenses.....	do.	6,635	6,889
Hired.....	do.	2,920	2,630	Net farm income.....	do.	6,157	6,421
Index numbers (1957-59 = 100)							
Net farm income.....	---	154	160	Operating expenses per unit of			
Net farm production.....	---	113	128	production.....	---	116	106
Production per unit of input.....	---	110	124	Prices paid, including wages to			
Prices received for products sold....	---	121	111	hired labor.....	---	122	127

1/ Preliminary.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

Prices received for tobacco declined about 4 percent from the record high of 1966. The overall quality of the 1967 crop was not considered to be quite as good as that of the 1966 crop. Sales of untied tobacco increased substantially in the 1967 marketing season. In the type 11b and type 12 markets, where most of the tobacco from these farms is sold, about 64 percent of total marketings was in untied form in 1967, compared with 32 percent in 1966. Although price support rates for untied tobacco were 3 cents a pound lower than for tied tobacco in 1967, market prices averaged only about 1 cent lower.

Prices received for corn fell 21 percent from the 1966 average. The 1966 price of about \$1.45 a bushel was the highest since the early 1950's, and the 1967 price was the lowest since 1960. Corn is primarily a cash crop on these farms though some is fed to hogs. The relatively high 1966 corn price reflected the short crop in the Coastal Plain.

Soybean prices declined 13 percent from a record high of about \$2.85 a bushel in 1966.

On these farms, operating expenses and prices paid were about 4 percent higher in 1966 than in 1967. The total quantity of production goods and services (inputs) used in 1967 was unchanged from 1966. The amount of labor needed for market preparation of tobacco was reduced due to the large proportion sold in untied form. This was an important factor enabling farmers to hold expenditures for hired labor at about the 1966 level despite an increase of 10 percent in wage rates and an increase in volume of tobacco marketed. Much of the increase in operating expenses was due to higher costs for power and machinery. There was a greater input of power and machinery in 1967 and prices paid for machinery and for the items needed to operate and maintain machinery were higher than in 1966.

UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D.C. 20250

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

OFFICIAL BUSINESS